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December 19, 2014

Electronic Submittal

Ms. Lois Hubert
Docket Coordinator
Public Service Commission of Wisconsin
610 North Whitney Way, P.O. Box 7854
Madison, WI 53707-7854

**Application of Wisconsin Energy Corporation for Approval to Acquire the Outstanding
Common Stock of Integrys Energy Group, Inc.
PSCW Docket No. 9400-YO-100**

ATC's Responses to PSCW Staff's Third Set of Data Requests

Dear Ms. Hubert:

Attached please find responses from American Transmission Company LLC by its corporate manager ATC Management Inc. (collectively ATC) to your third set of data requests dated December 18, 2014 in the above referenced docket.

Please contact me if you have any questions.

Sincerely,

Christopher W. Zibart

Christopher W. Zibart
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ATC Management Inc.
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**Application of Wisconsin Energy Corporation for Approval to Acquire the Outstanding
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Docket No. 9400-YO-100**

**PSCW Third Set of Request Items
Request No. 03.01 Response**

REQUEST NO. 03.01:

Regarding the election and removal of directors:

- a. Please describe in detail the candidate selection and election of ATCMI directors.
- b. Please reconcile ATCMI's selection and voting with those described in Wis. Stat. § 196.485(3m)(c).
- c. Please reconcile ATCMI's method of selecting and voting for directors with the method of removing and filling vacancy appointment of directors process under Section 3.4(b) and (c) of the Bylaws. (I.e., who is eligible to make determinations.)
- d. Please provide necessary supporting documentation regarding variances for parts a to d.
- e. Please cite the authority that determines who is entitled to vote for directors.

RESPONSE TO REQUEST NO. 03.01:

- a. Director nominations are conducted in accordance with Section 3.4 of the ATCMI Bylaws. The Nominating and Board Affairs Committee of the ATC Board considers potential candidates for the Board, and presents a slate to the shareholders at least 120 days prior to the annual meeting of shareholders. In the alternative, owners (or groups of owners) holding at least 3% of the outstanding shares of ATCMI may nominate an alternate director candidate by following the procedures set forth in Section 3.4(b) of the Bylaws. Following nomination, the slate of directors is included in the shareholder ballot sent to shareholders along with official notice of the annual meeting, 10-60 days prior to the date of the meeting. Directors are then elected by plurality through a tally of in-person ballots and proxy ballots.
- b. With respect to Section 196.485(3m)(c):
 - 196.485(3m)(c)(1): The ATCMI Bylaws authorize 11 directors. Currently 10 directors serve on the Board, complying with the requirements of Section 196.485(3m)(c)(1).
 - 196.485(3m)(c)(2): The ATCMI Board currently includes 4 independent directors meeting the requirements set forth in this subsection.
 - 196.485(3m)(c)(3): The requirements of this subsection were only applicable during the first 10 years following the organizational start-up date of the Company.

Compliance with these requirements is no longer according the express language of this subsection.

196.485(3m)(c)(4): The requirements of this subsection were only applicable during the first 5 years following the organizational start-up date of the company.

196.485(3m)(c)(5): The company conducts its accounting practices in accordance with state and federal laws with respect to the sale or transfer of shares.

- c. ATCMI conducts its selection and voting for directors in accordance with its Bylaws (as described in response to 1.a. above). Selection is performed by the Nominating and Board Affairs Committee or by a shareholder or group of shareholders holding at least 3% of the outstanding shares of ATCMI. Section 3.4(c) addresses the eligibility of a shareholder or group of shareholders to nominate director candidates. Neither section addresses removal of directors or filling a vacant director position.

Section 3.5 does address removal of directors and appointment of replacement directors. The provisions for nomination and election of directors operate separately from the provisions for removal of directors (and appointment of replacement candidates). The parameters set forth in Section 3.4 address election of director candidates following expiration of the then-current term. Section 3.5 is reserved for changes in director composition in the midst of the director's term. These provisions operate independently and apply to separate circumstances. As set forth in Section 3.5(b) of the Bylaws, following the Conversion, a director may be removed from office by a majority vote of shareholders.

Under Section 3.5(c) of the Bylaws, a replacement director may be appointed to serve the remainder of the departing director's term, by a majority of the remaining ATCMI directors.

- d. ATC is unaware of any variances.
- e. Following the Conversion (and the expiration of 10 years from the operational start-up date of ATC), the Bylaws represent the authority that determines who is entitled to vote for directors.

Dated this 19th day of December, 2014.

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**PSCW Third Set of Request Items
Request No. 03.02 Response**

REQUEST NO. 03.02:

Does ATCMI anticipate (upon the acquisition of Integrys by Wisconsin Energy) the reduction of the Board by 2; one Section 3.2(b)(A) director and one Section 3.2(b)(B) director? If not, please explain why not. If not, what entity will appoint the director for the directorship currently held by Integrys?

RESPONSE TO REQUEST NO. 03.02:

Section 3.2(b) is no longer applicable because the Listing did not occur before the Conversion. Since the Conversion, all directors have been elected by the shareholders, not appointed. While it is true that ATCMI's current Board includes an officer from each of the founding members, that is only because the shareholders have voted to do that; it is not required by statute or the bylaws. Unless the Board or the shareholders take some action, there will continue to be 11 authorized directorships, of which 10 are filled.

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**PSCW Third Set of Request Items
Request No. 03.03 Response**

REQUEST NO. 03.03:

Please provide a list of directors and indicate if they are Section 3.2(b)(A) or (B) directors. Why are there 10 directors listed on ATC's webpages, when the Bylaws imply it should be an odd number?

RESPONSE TO REQUEST NO. 03.03:

Section 3.2(b) is no longer applicable because the Listing did not occur before the Conversion. Directors are not appointed; all of them are elected by the shareholders.

Pursuant to Section 3.4(a) of the Bylaws, the slate of directors is determined by the Nominating and Board Affairs Committee of the Board, and at the most recent election, only 10 members were nominated and elected.

ATC's website has a correct list of the 10 directors.

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**PSCW Third Set of Request Items
Request No. 03.04 Response**

REQUEST NO. 03.04:

For each Section 3.2(b)(A) appointed director, please state the entity making the appointment, the basis for eligibility for making the appointment, and the date of the appointment.

RESPONSE TO REQUEST NO. 03.04:

The Company no longer has appointed directors, and Section 3.2(B) is not, and has never been applicable because the Conversion occurred before the Listing.

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**PSCW Third Set of Request Items
Request No. 03.05 Response**

REQUEST NO. 03.05:

For each Section 3.2(b)(B) director, what is the process for selecting the candidate nominated?

RESPONSE TO REQUEST NO. 03.05:

There are no 3.2(b)(B) directors, so there is no process.

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**PSCW Third Set of Request Items
Request No. 03.06 Response**

REQUEST NO. 03.06:

Please explain the meaning of “such holders” referenced in Section 3.2(c) of the Amended and Restated Bylaws of ATC Management Inc. What entity/entities does the company believe have the authority to amend Section 3.2?

RESPONSE TO REQUEST NO. 03.06:

Section 3.2(c) of the Bylaws contains no reference to “such holders.” With respect to amendment of Section 3.2, Class B shareholders no longer exist. Section 8.4 now allows the Board to amend these provisions (or the Class A shareholders, as applicable).

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**PSCW Third Set of Request Items
Request No. 03.07 Response**

REQUEST NO. 03.07:

Please clarify whether the holders of the Class A Shares have authority to Amend the Bylaws under Section 8.4. Please explain the basis for the company's position.

RESPONSE TO REQUEST NO. 03.07:

Section 8.4 of the Bylaws is ambiguous following the Conversion. Clearly, the Board of Directors may amend the Bylaws (following the Conversion). The rights of Class A shareholders are less clear, but ATC believes, with Class B shares no longer in existence, the most logical interpretation is that the Class A shareholders may amend the Bylaws prior to any Listing.

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**PSCW Third Set of Request Items
Request No. 03.08 Response**

REQUEST NO. 03.08:

What approvals were needed/received in order for ATC to form the Duke-American Transmission Company, LLC; Zephyr Power Transmission LLC; DATC Path 15 Transmission, LLC, and DATC Midwest, LLC alliances? Please provide copies of the approvals.

RESPONSE TO REQUEST NO. 03.08:

Duke-American Transmission Company (DATC) – no approval was needed or received. DATC was formed in 2011 as a Delaware limited liability company, equally owned by ATCLLC and Duke Energy Corporation, which is not an affiliate of ATCLLC. DATC is a subsidiary of ATCLLC; it is not a subsidiary of ATCMI. DATC is not a Wisconsin public utility.

Zephyr Power Transmission, LLC (Zephyr) – no approval was needed or received. Zephyr was a pre-existing entity formed by Northern Lights Transmission, Inc. (a subsidiary of TransCanada), and later sold to Pathfinder Power Transmission, LLC. DATC purchased Zephyr from Pathfinder in 2011. Zephyr is not a Wisconsin public utility.

DATC Path 15 Transmission, LLC (Path 15) - no approval was needed or received. Path 15 was a pre-existing entity formed by TransElect in the early 2000s, and later sold to Atlantic Power Corporation. DATC purchased Path 15 from Atlantic in 2013. Path 15 is not a Wisconsin utility.

DATC Midwest, LLC – there is no entity of that exact name. In 2012, DATC formed a wholly-owned subsidiary, DATC Midwest Holdings, LLC. No approval was needed or received to form DATC Midwest Holdings. It is not a Wisconsin public utility. DATC Midwest Holdings made a filing with the Federal Energy Regulatory Commission under Section 205 of the Federal Power Act (Docket No. ER12-1593), and was granted rate treatments and incentives similar to those in place for members of the Midcontinent Independent System Operator. DATC Midwest Holdings has proposed several projects to MISO, but none have been approved for construction.

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**PSCW Third Set of Request Items
Request No. 03.09 Response**

REQUEST NO. 03.09:

Regarding the Shareholder Agreement:

- a. What is the legal standing of the Shareholders Agreement?
- b. How may the Shareholders Agreement amended or terminated?
- c. We have received from different sources two versions (ERF #225207) and (ERF #224880). Please provide a copy of the currently effective Shareholders Agreement.

RESPONSE TO REQUEST NO. 03.09:

The Shareholders Agreement remains in effect. The agreement may be amended by written agreement of all of the parties thereto (Section 16). Termination would occur in accordance with Section 14 (upon liquidation, assignment for benefit of creditors, or a Listing (provided that certain provisions survive termination)). The current, effective version of the Shareholders Agreement is the Second Amended and Restated Shareholders Agreement dated October 1, 2010. A copy of the fully executed Second Amended and Restated Shareholders Agreement is provided as Attachment 03.09-1.

Dated this 19th day of December, 2014.